

EXHIBIT 1

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

Date: DEC 12 1985

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Gentlemen:

We have considered your application which you filed for recognition of exemption under Section 501(c)(7) of the Internal Revenue Code of 1954. The evidence submitted indicates that you were organized on [REDACTED]. Your purpose is to secure effective representation of your members in their position as tenants at [REDACTED] in accordance with their wishes, and to have this representation available and prepared to take all steps that may be necessary to counteract any unwarranted moves that may be made by the landlord. The representatives will be in a position to move quickly in accordance with the requirements of this era of fluctuating economic conditions.

Section 501(c)(7) of the Code grants exemption from Federal income tax for clubs organized and operated exclusively for pleasure and recreation and other nonprofitable purposes, provided no part of the net earnings inures to the benefit of any private shareholder.

Since your main purpose and activities consists of negotiating with the owner of an apartment complex and disseminating information among the tenants for their mutual security in the building, then you are not organized for social and recreational purposes. Therefore, it is held that your organization does not qualify for exemption under Section 501(c)(7) of the Internal Revenue Code.

We have also considered your application for recognition of exemption under Section 501(c)(4) of the Internal Revenue Code. Section 501(c)(4) of the Internal Revenue Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2) of the Income Tax Regulations states that an organization is operated exclusively for the promotion of social welfare if it primarily engaged in some way promoting the common good and general welfare of the people of the community. An organization coming within the scope of this section is one that is operated to bring about civic betterment and social improvements.

The concept of social welfare implies a service or program directed at benefiting the community rather than a private group of individuals. Your organization operates essentially for the private economic benefit and convenience of its member-tenants who are residing in a particular apartment complex. Thus, you are not primarily engaged in activities for the common good and general welfare of the people of the community. Accordingly, you do not qualify for exemption from Federal income tax under Section 501(c)(4) of the Internal Revenue Code.

In Revenue Ruling 73-306, an organization was formed as a nonprofit corporation to promote the common interest of tenants who reside in an apartment complex. Any person regularly living in the complex is eligible for membership. The organization represents its member-tenants in negotiations with the management of the complex in order to secure better maintenance provides legal representation for members as a group in litigation and before local and Federal regulatory agencies involving matters of concern to the members as tenants.

It is held that the organization does not qualify for exemption under Section 501(c)(4) of the Internal Revenue Code of 1954. In view of the foregoing, it is held that your organization does not qualify for exemption under Sections 501(b)(7) or 501(c)(4), or any other section of the Internal Revenue Code. Therefore, you are required to file Federal tax returns on Form 1120.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

District Director

Enclosure: Pub. 892